

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 IO-13 NRC-05
PA-01 ITC-01 EPA-01 CEQ-01 /150 W
-----081994 121326Z /42

R 121231Z MAY 78
FM AMEMBASSY MADRID
TO SECSTATE WASHDC 4577
AMEMBASSY PARIS
AMEMBASSY VIENNA

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PARIS ALSO FOR USOECD, VIENNA ALSO FOR USIAEA

E.O. 11652: N/A
TAGS: ENRG, MNUC, PFOR, SP
SUBJECT: SPANISH ENERGY PLAN APPROVED BY COUNCIL OF
MINISTERS

REF: MADRID 1781, MADRID 4392

1. SPAIN'S NATIONAL ENERGY PLAN (1978-87) WAS APPROVED
BY COUNCIL OF MINISTERS ON MAY 2 AND WILL BE SENT TO
CORTES SHORTLY FOR CONSIDERATION AND APPROVAL. PRESS
REPORTS (WHICH MINISTRY OF INDUSTRY AND ENERGY SOURCES
TELL US ARE ACCURATE) GIVE FOLLOWING AS MAIN PROVISIONS
OF PLAN:

--INVESTMENTS OF 630,000 MILLION PESETAS (CONSTANT 1977,
OR ABOUT \$7,875 MILLION) DURING 1978-81 PERIOD, WITH 60
PER CENT FOR ELECTRICITY (PRIMARILY NUCLEAR) FACILITIES;

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-- REALISTIC ENERGY PRICES POLICY;

--NEW HOLDING COMPANY, WITH MINORITY GOVERNMENT PARTICI-
PATION, FOR HIGH VOLTAGE DISTRIBUTION NETWORK;

--COMPLETE TAKEOVER OF EMPRESA NACIONAL DEL URANIO (ENUSA)
BY GOVERNMENT THROUGH PURCHASE OF 40 PER CENT PRESENTLY

HELD BY PRIVATE UTILITIES.

2. MAJOR OBJECTIVES OF PLAN ARE: REDUCE CONSUMPTION AND ADAPT NEEDS TO DOMESTIC RESOURCES; GUARANTEE ADEQUATE ENERGY FOR ECONOMIC GROWTH DEMAND; REDUCE DEGREE OF ENERGY DEPENDENCE AND "DIVERSIFY ITS ORIGIN"; AVOID ENERGY-RELATED ECOLOGICAL PROBLEMS; SET PRICES POLICY WHICH REFLECTS COSTS AND AVOIDS RELATIVE PRICE DECREASE FOR ENERGY.

3. PROJECTED ENERGY DEMAND BASED ON 1 PER CENT GNP GROWTH IN 1978 AND AVERAGE 4 PER CENT FOR EACH OF REMAINING NINE YEARS. ALTHOUGH LATTER FIGURE CONSIDERED "OPTIMISTIC" BY SOME ECONOMISTS, SPANISH PLANNERS REPORTEDLY FEEL THAT AT LEAST 4 PER CENT GROWTH REQUIRED TOTAL DEMAND WHICH UNDER "HISTORIC MODEL" WOULD HAVE REACHED 161 MILLION TEC (TONS COAL EQUIVALENT) BY 1987 IS PLANNED AT REDUCED LEVEL OF 145 MILLION TEC TO BE OBTAINED THROUGH "ADEQUATE PRICES POLICY". PLANNERS ESTIMATED THAT RELATIVE PRICES OF ENERGY ACTUALLY DECLINED 12 PER CENT IN 1977. NEW PRICES ARE TO REFLECT TOTAL COSTS, INCLUDING AMORTIZATION BUT EXCLUDING ANY COSTS OF FUTURE INSTALLATIONS. HENCE NUCLEAR PLANTS CANNOT BE FINANCED THROUGH TARIFFS PRIOR TO TIME THEY ACTUALLY COME "ON STREAM". ANY GOVERNMENT SURCHARGES OR SUBSIDIES ARE TO BE EFFECTED THROUGH FISCAL MEASURES AND WILL BE AIMED LIMITED OFFICIAL USE

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AT REDUCING SECTORIAL SUPPORT.

4. OVERALL PERCENTAGE DISTRIBUTION OF ENERGY NEEDS PLANNED FOR 1987 (1977 DISTRIBUTION IN PARENTHESIS) IS FOLLOWING: NATURAL GAS-5.3 (1.9); (HYDROELECTRIC-9.4 (14.5); NUCLEAR-14.8 (2.1); COAL-16.2 (15.2); OIL-54.3 (66.3). NUCLEAR OUTPUT IS SLATED TO REACH 10,500MW, WHICH INCLUDES COMPLETION OF SEVEN PLANTS PRESENTLY UNDER CONSTRUCTION BY 1981 AND ADDITIONAL THREE PLANTS OF EIGHT WITH GOVERNMENT "PREVIOUS AUTHORIZATION". PLAN ALSO PROVIDES FOR CONSTRUCTION OF ESCATRON NUCLEAR PLANT BY GOVERNMENT COMPANY (THIS WOULD APPARENTLY BE ADDITIONAL TO THREE OWNED BY PRIVATE FIRMS).

5. THE PLAN INCLUDES EXPANDED ROLE FOR ENUSA (WHICH PRESENTLY ENGAGED LARGELY IN PROCUREMENT OF NUCLEAR FUEL AND FUEL SERVICES) TO TAKE IN ALL ASPECTS OF FUEL CYCLE. PLAN CALLS FOR REPORTS "WITHIN NEAR FUTURE" ON THE "VIABILITY OF THE NUCLEAR CYCLE AND ACCESS TO ITS TECHNOLOGY IN ALL PROCESSES EXCEPT ENRICHMENT, WHERE SPAIN PARTICIPATES IN VARIOUS MULTINATIONAL VENTURES." ENUSA IS ALSO TO BECOME 100 PER CENT GOVERNMENT OWNED

THROUGH PURCHASE OF 40 PER CENT SHARE PRESENTLY OWNED
BY PRIVATE UTILITIES.

6. INTENSIFICATION OF EXPLORATION NOR NEW DOMESTIC
ENERGY SOURCES IS "PRIORITY POLICY" OF PLAN, WHICH
INCLUDES INCREASED COORDINATION OF ACTIVITIES BY ENIEPSA,
CAMPESA, AND OTHER FIRMS IN PETROLEUM SECTOR. COAL
PRODUCTION IS TO DOUBLE FROM 18 MILLION TONS (1977) TO
35.7 MILLION TONS. OIL REFINERY POLICY WILL BE AIMED
AT REDUCING PRODUCTION OF GASOLINE AND IMPROVING QUALITY
OF DERIVATIVES.

7. COMMENT: AS NOTED ABOVE, EMBASSY SOURCE TOLD US

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FM AMEMBASSY MADRID
TO SECSTATE WASHDC 4578
AMEMBASSY PARIS
AMEMBASSY VIENNA

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THAT PRESS REPORTS ON PLAN ARE ACCURATE ALTHOUGH "NOT
COMPLETE". WE EXPECT TO OBTAIN COPY OF PLAN AS SOON AS
IT IS SENT TO CORTES (PROBABLY WITHIN NEXT WEEK) AND
WILL REPORT ANY SIGNIFICANT DIFFERENCES OR ADDITIONAL
FACTORS (COPY WILL BE POUCHED TO DEPARTMENT). WE WERE
TOLD BY SAME SOURCE IN MINISTRY OF INDUSTRY AND ENERGY
THAT THE THREE PLANTS TO BE APPROVED FOR CONSTRUCTION
BETWEEN 1981 AND 1987 (BESIDES ESCATRON) WILL BE
VANDELLOS II (TARRAGONA), VALDECABALLEROS I (BADAJOZ)
AND TRILLO I (GUADALAJARA). SOURCE SAID SPANISH ARE
PREPARED TO PAY "PENALTIES" FOR DELAY ON SOME OTHER
PLANTS WHERE LETTERS OF INTENT ALREADY GIVEN AND
PRELIMINARY WORK STARTED. ANOTHER SOURCE SAID THAT

CREATION OF COORDINATOR ENTITY IN OIL FIELD WAS "BEST
POSSIBLE COMPROMISE" BETWEEN THOSE FAVORING NATIONALI-
ZATION AND OIL MONOPOLY (I.E. CAMPSA). EATON

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